

## PROPOSAL EVALUATION

### ***Proposition 84 Integrated Regional Water Management (IRWM) Grant Program Implementation Grant, Round 1, FY 2010-2011***

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<b>Applicant</b>	City of Soledad	<b>Amount Requested</b>	\$4,868,441
<b>Proposal Title</b>	Implementing IRWM Projects in the Greater Monterey County Region	<b>Total Proposal Cost</b>	\$6,428,751

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#### **PROPOSAL SUMMARY**

Seven projects are included in the proposal: (1) Soledad Water Recycling/Reclamation Project, (2) Castroville CSD Well 2B Treatment Project, (3) San Jerardo Wastewater Project: Water Quality Concerns in a Disadvantaged Farm-worker Community in the Salinas Valley, (4) Integrated Restoration in Elkhorn Slough , (5) Water Quality Enhancement of the Tembladero Slough and Public Access for the Community of Castroville, (6) Watershed Approach to Water Quality Solutions , and (7) Evaluation of Potential for Stormwater Toxicity Reduction by Low Impact Development Treatment Systems.

#### **PROPOSAL SCORE**

<b>Criteria</b>	<b>Score/ Points Possible</b>	<b>Criteria</b>	<b>Score/ Points Possible</b>
Work Plan	<b>12/15</b>	Economic Analysis – Water Supply Costs and Benefits	<b>12/15</b>
Budget	<b>3/5</b>	Water Quality and Other Expected Benefits	<b>6/15</b>
Schedule	<b>5/5</b>	Economic Analysis – Flood Damage Reduction	<b>3/15</b>
Monitoring, Assessment, and Performance Measures	<b>4/5</b>	Program Preferences	<b>10/10</b>
<b>Total Score (max. possible = 85)</b>			<b>55</b>

#### **EVALUATION SUMMARY**

The following is a review summary of the proposal.

##### **Work Plan**

The work plan fully addresses the criteria, but is not supported by thorough documentation or sufficient rationale. The proposal identifies the main problems in the region and addresses them adequately (water quality and water reliability). The groundwater, upon which the agricultural and urban water supply relies, is polluted and over drafted. As a result, the groundwater suffers seawater intrusion and pollution by various nutrients and arsenic. The documentation supports the fact that Projects 2 and 3 will truly address DAC critical water supply and quality needs. The Work Plan's introduction includes: goals and objectives of the Proposal and how they relate to the adopted IRWM Plan; a tabulated overview of projects which

includes an abstract and project status; a map showing relative project locations; and a discussion of the synergies or linkages among projects. The work plan includes lists of permits and permit status for each project, as well as CEQA compliance, if applicable. The tasks for each project are detailed and complete and it is clear that the projects can be implemented; plan and specs are included; and scientific and technical information supports the feasibility of the proposal. The applicant makes it clear that any multi-phased projects are able to operate as standalone projects. However, it is not clear which agency or entity will administer the grant by compiling the sub-grantee invoices and reports. Also, Project 7 work plan does not indicate any deliverable to DWR, and lacks any supporting documentation, such as structural specifications or a picture of the proposed LIDs.

## **Budget**

Not all costs appear reasonable or supporting documentation is lacking for a majority of the Budget categories. The hourly rates are not documented and the tables lack supporting information. The labor compliance cost varies greatly among projects and it is unclear how these costs are calculated. The budget is unclear on costs attributed to overall grant management versus individual project management. This section could have scored higher if these issues had been better explained and documented.

## **Schedule**

The schedule is consistent with the work plan and seems reasonable. Sufficient supporting documentation is provided, and indicates that different projects will start within six months to one year of the anticipated award date. Some of the projects are already well into design stage and should start within six months of grant award.

## **Monitoring, Assessment, and Performance Measures**

The criterion is fully addressed, but not supported by sufficient documentation and logical rationale. Projects 1, 4, 5, and 7 lack measurable metrics, and Project 1 does not document how data will be reported.

## **Economic Analysis – Water Supply Costs and Benefits**

High levels of benefits relative to costs can be realized through this Proposal; however, the quality of the analysis is partially lacking and/or supporting documentation is partially unsubstantiated. The Proposal includes seven projects. Monetized water supply benefits of \$13.229 million (M) are claimed by Projects 1, 2, and 3; most of it (\$7.275 M) is claimed by Project 3. This benefit is the avoided cost of relocating households, costs of removing wastewater, and fines. The relocation cost per household is not well supported and may be excessive.

Project 1 claims benefits of \$1.864 M based on 180 AFY of avoided desalination supply valued at \$1000/AFY. A source for the unit value is not provided; the text for Project 2 suggests the unit value might be \$2000/AFY. For Project 2, the new well adds 220 AFY of system capacity. Claimed benefits are \$4.09 M. The alternative cost is the Regional Desalination Facility, which would cost \$2000 to \$2500 per AFY. The \$1900/AFY used is net of variable power and chemical costs.

## **Economic Analysis – Water Quality and Other Expected Benefits**

Only average levels of benefits relative to costs might be realized through this proposal; however, the quality of the analysis is partially lacking and supporting documentation is partially unsubstantiated. Monetized water quality and other benefits are \$4.281 M, all from Project 4. These benefits are based on a 10 percent increase in wetland acreage in Elkhorn Slough. The value is based on a contingent valuation study which found a value per acre of \$49,000 in 1998. This value is then increased by inflation to \$80,000 for 2014 to 2016. It appears that the 2009 value of \$69,000 should have been used instead of \$80,000. The cost is \$3.035 M; the cost per acre is about \$40,500.

From Attachment 4 project budget (\$1.54 M) and Attachment 7 page 3-4, the project budgeted cost will not cover the entire initial project cost of about \$3.5 M. In particular, only conceptual level of engineering design (30%) and site preparation for receiving sediment are included in the project budget. Since there is no financing described for the remaining costs, benefits are speculative.

## **Economic Analysis – Flood Damage Reduction**

Only low levels of benefits relative to costs can be realized through this proposal, as demonstrated by the analysis and supporting documentation. Monetized flood damage reduction benefits are \$8.55 M, all from Project 4. The analysis assumes that Expected Annual Damages, as reported in an Army Core of Engineers document, will be reduced by 4.5 percent which is half of the expected percent increase in channel conveyance in cfs. No solid basis is provided for this assumption. The analysis notes that the project has been estimated to reduce river stage by 0.5 to 1.9 feet.

From Attachment 4-project budget (\$1.54 M) and Attachment 7 page 3-4, the project budgeted cost will not cover the entire initial project cost of about \$3.5 M. In particular, only conceptual level of engineering design (30%) and site preparation for receiving sediment are included in the project budget. Since there is no financing described for the remaining costs, there are no assurances that the project will be built, making the benefits speculative.

## **Program Preferences**

The proposal includes projects that address long term drought preparedness and meet a critical water supply/quality need of a disadvantaged community. The proposal also documents thoroughly in breadth and magnitude and demonstrates that several other program preferences will be achieved with high degree of certainty, including: Include regional projects or programs, Effectively integrate water management programs and projects within hydrologic region, Address critical water supply or water quality needs of disadvantaged communities within the region, Effectively integrate water management with land use planning, Use and reuse water more efficiently, Climate change response actions, Expand environmental stewardship, Practice integrated flood management, Protect surface water and groundwater quality, and Ensure equitable distribution of benefits.